



MAMUSA LOCAL MUNICIPALITY

2014/15

Local Government plays a role as part of the whole system of three spheres of government addressing poverty through directly providing free or subsidies services to the poor households

Indigent Support Policy

INDIGENT SUPPORT POLICY

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ACRONYMS USED IN THIS POLICY

CDWs	Community Development Workers
CFO	Chief Financial Officer
DEAT	Department of Environmental Affairs and Tourism
DME	Department of Energy
DM"s	District Municipalities
DLGTA	Department of Local Government and Traditional
DWA	Department of Water Affairs
EPWP	Expanded Public Works Programme
MFBS	Municipal Free Basic Services
FBE	Free Basic Electricity
FBSan	Free Basic Sanitation
FBW	Free Basic Water
FBAE	Free Basic Alternative Energy
FTL	FBS Technical Leader
FTT	FBS Technical Team
IDP	Integrated Development Plan
LED	Local Economic Development
M&E	Monitoring and Evaluation
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
NERSA	National Electricity Regulator
NT	National Treasury
PT	Provincial Treasury
SALGA	South African Local Government Association

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DESOC	Department of Social Development
STATS SA	Statistics South Africa
WSA	Water Service Authority
WC	Ward Committee
ISP	Indigent Support Policy
MS	Municipal Services

INDIGENT SUPPORT POLICY

1. INTRODUCTION

1.1 PURPOSE OF THIS DOCUMENT

This document is the result of a renewed effort by Mamusa Local Municipality to understand what it means to be indigent and to rapidly improve access to basic services and goods, thereby having a major impact on reducing levels of poverty and specifically the proportion of people who are indigent.

It recognizes the need for inter-governmental co-operation in the process of dealing with indigents but places specific emphasis on the municipal sphere, recognizing the important role local government has in effectively addressing the needs of indigent households

It is also recognized that there are several existing sector-specific strategies and guidelines relating to free basic services which complement this policy, including:

- Free basic water strategy and guideline prepared by the Department of Water Affairs (DWA).
- Free basic sanitation strategy and guideline also prepared by DWA.
- Guideline on tariffs for municipal solid waste services prepared by the Department of Environmental Affairs and Tourism.
- Electricity basic support tariff (free basic electricity) policy prepared by the Department of Energy.
- The Municipal Property Rates Act, Act No. 6 of 2004, which provides for zero-rating of low value properties, thereby ensuring that households on these properties gain access to package of public services free.

1.2 SCOPE OF THIS POLICY

This policy framework provides a basis for the provision of free basic services within the municipal jurisdiction. The policy needs to be applied in conjunction with the equitable share policy being prepared by National Treasury in cooperation with DLGTA.

The key purpose of an Indigent Support Policy (ISP) is to ensure that households with lower incomes are not denied reasonable services, while municipalities are not financially burdened as a consequence of the failure by consumers to pay. The ISP defines a means by which initiatives or

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indigents within the provincial welfare competence can be coordinated by local government in the context of corporate governance. The policy further assumes the definition that an indigent person is one who “due to a number of factors is unable to make any monetary contributions towards basic services, no matter how small the amount”. Groups claiming inability to pay could include the following:-

- Unemployed persons
- Pensioners receiving state grants
- Disabled persons receiving state grants
- Single parents in receipt of a child support grant(s) with no other form of income
- Persons with temporary, casual, contract and seasonal employment who are unable to pay
- Only households where the total household income is less than the total old age grant received per month by two pensioners in a household may apply for support. The maximum old age grant is announced annually in the Budget Speech of the Minister of Finance (R1340.00 x 2)

The indigent support policy should provide for a subsidy to indigent households for a full financial year, provided the grants are received from national fiscus (equitable share). To achieve the purpose of the ISP, a fair threshold should be set and then a fair subsidy on tariffs provided. The onus is on the consumer to apply for the benefit under the ISP by completing the necessary application form and providing the necessary documentation as required. Households applying in terms of this policy will be required to agree to their details being released to the national credit bureau for verification. The ISP will not apply to households owning more than one property.

1.3 OBJECTIVE WITH REGARD TO PROVIDING MFBS TO THE INDIGENT

The overall objective is to substantially eradicate those elements of poverty which local government has control. Given the definition of the indigent stated in this policy this implies that all should have access to basic water supply, sanitation, energy and refuse services by this date.

2. Defining “Indigents”

The term “indigent” means “lacking the necessities of life”. In interpreting this for the purpose of this policy a position has to be taken on the necessities of life in a South African context. The Constitution provides a guide in this regard, leading to

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the view that the following goods and services are considered as necessities for an individual to survive:

- Sufficient water
- Basic Sanitation
- Refuse removal in denser settlements
- Environmental health
- Basic energy
- Health care
- Housing
- Food and clothing

Anyone who does not have access to these goods and services is considered indigent.

3. The Key Role Players

FBS is a multi-sectoral programme. There are a number of critical role players in FBS that need to work together. These include:

At local level:

- Municipalities
- Local Communities
- Ward Committees
- Community Development Workers (CDWs)

At provincial level:

- Departments of Local Government

At national level:

- Department: Provincial and Local Government
- Department : Water Affairs and Forestry
- Department: Minerals and Energy
- The National Treasury

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- Statistics South Africa
- SALGA
- ESKOM
- The National Electricity Regulator (NER)

3.1 MUNICIPALITY

Municipality is responsible for the implementation of FBS. Municipality is also responsible for drawing on the support of appropriate implementation providers. It is the responsibility of municipality to monitor and track the effective implementation of FBS.

3.2. LOCAL COMMUNITIES

Communities have a role to play as well. It is the responsibility of the community to inform their municipality of faulty systems, provision problems and abuses or misuse of the services. The community can take the initiative to make the municipality aware of their service delivery needs

3.3 WARD COMMITTEES and CDWs

Ward Committees are made up of community representatives and as such can act as information routes between communities and municipalities. Most importantly, ward committees can help to identifying indigents within the relevant community and assist with the development and rolling out of municipal indigent policy. Ward committees allow the municipalities FBS and Indigent policy efforts to be seen as credible efforts by the communities.

3.4 COUNCILLORS

Council of the Mamusa Local Municipality has a significant role to perform in ensuring the successful implementation of the ISP. In addition to ensuring that the information regarding the benefits available in terms of the ISP is disseminated to the communities within the municipal area, Councilors (in particular ward councilors, Ward Committees and CDWs as representatives of the communities they serve are required to provide an initial screening of the applications received from within their particular ward (after the income verification process has been completed) and recommend/declines their approval.

4. TARGETING OPTIONS

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Targeting options relate to the way subsidies are allocated to the indigent. There are a range of options but municipality will target the following options:

- **Service level targeting**, where a specific service level (public standpipe water for example) is given free to the poor.
- **Means testing** applied with a targeted credits or subsidy to those households which are below a household income threshold

5. SERVICE LEVELS

Based on our environment, the following services will be offered by the municipality:

Service Areas	Service Options	Service Level
Free Basic Water		
The municipality will provide FBW according to Strategic Framework For Water Services (SFWS) which was approved in 2003. This framework provides for 25 litres of potable water per person per day supplied within 200m of a household. In the case of communal water points; or 6000 litres of potable water supplied per formal connection per month, in the case of yard or house connections	Communal stand pipes Full pressure prepaid house connection	Basic Full
Free Basic Energy (Electricity)		
An amount of 50KWh per month is the standard allocation for household on the Grid. An allocation	Grid (direct from authority) Non Grid (paraffin, gas	Intermediate/ Full Below Basic

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<p>of up to R56.29 per household per month is available from the equitable share for alternate forms of energy to support households that are not on the Grid</p> <p>The FBE allocation is deemed sufficient energy to provide basic services for a poor household. This amount of electricity is suitable for basic lighting, powering a small television, radio, basic ironing and cooking</p>	<p>and candles)</p> <p>Non Grid (solar)</p>	Basic
Waste Removal		
The DEAT has defined 6 levels for waste removal.	No waste is collected by a formal system	Below Basic
Free Basic Sanitation		
	<p>Ventilated Improved Pit Toilet (VIP)</p> <p>Full Water Borne Sewerage</p>	<p>Basic</p> <p>Full</p>

6. SOCIAL SAFETY NET

- **HEALTH**
- **NUTRITION**
- **SOCIAL SUPPORT**
- **HOUSING**

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7. CRITERIA TO IDENTIFY INDIGENT HOUSEHOLDS

An indigent household is a group of individuals residing within a single dwelling who partake in common activities, i.e. collective meals, and are mutually dependent upon each other. The definition will recognize the residence of a backyard shack as a separate household, as well as more than one household living within a single residence, i.e. sub-letting of residence.

A combination of criteria makes up the definition of an indigent household that is eligible for FBS. The municipality will use the following criterion to define indigent household:

- a) The applicant must be a South African – The applicant must have a valid identification document or other acceptable form of identification
- b) If the applicant is not a South African citizen, they must possess a recognized refugee status
- c) The qualifying indigent must reside in a dwelling; since FBS is provided to a household
- d) If the applicant resides in an informal settlement they should be eligible to qualify
- e) The applicants must prove that they cannot afford to pay for the services, but providing a UIF card, bank statements, proof of income, and letter from employer.
- f) The applicant must provide Proof of residence
- g) In the case of small farm must produce livestock book
- h) Unemployed adults who do not have an adequate source of income, including state grants.
- i) The combined monthly household income of the applicant should not be more than R2 520.00
- j) Child-headed households should be regarded as indigent
- k) Beneficiaries of state grants should be regarded as indigents

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- l) Household with less than 50 livestock combined
- m) Households without access to FBS infrastructure should be regarded as indigents.

8. PRINCIPLES THAT UNDERPIN THE INDIGENT SUPPORT POLICY

- a) Everyone has inherent dignity and the right to have their dignity respected and protected
- b) Municipalities must provide basic services to their indigents in a sustainable manner
- c) Indigents must be afforded access (and services) to more than just the FBS package
- d) In providing FBS to indigents, municipalities must provide these services at the recognized and approved minimum basic levels
- e) FBS is targeted at the indigents. Therefore a municipality can use any approach it chooses to provide FBS as long as it can ensure and demonstrate that the indigent are benefiting from FBS.

9. IMPLEMENTING AN INDIGENT SUPPORT POLICY

Mamusa Local Municipality is expected to develop an indigent policy in relation to the specific needs of its Community and its financial standing.

There are six steps that municipality will follow in order to develop and implement indigent policy. They are:

- a) **Planning activities:** A municipality will have a precise understanding of its own capabilities and resources, the extent of the intervention required, as well as the needs of its constituencies
- b) **Institutional arrangements:** The municipality will have formal structures and processes through which indigent policy will be managed
- c) **Communication Activities (Community Participation):** Municipality will leverage the existing communications channel e.g. ward committees, as well as CDWs to explain the purpose and objectives of its indigent policy and MFBS programme
- d) **Indigent application and verification:** Where a municipality requires applications from indigents, a verification process will be necessary.

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- e) **Monitoring, Evaluation & Impact Assessment:** It is essential that an indigent policy be monitored and evaluated. Municipality will report back to the provincial and national government on the effectiveness of our MFBS delivery. Impact assessment will be done, as it is an important part of the process to determine the extent at which MFBS is making a real impact on the quality of life.
- f) **Exit from indigence:** The ultimate outcome of MFBS is that those who require the relief will eventually experience an improvement in their quality of life. For this to happen, Mamusa Local Municipality will form partnership with other spheres of government, CBOs, and business sectors in regard to the poverty alleviation of indigents.

10. PLANNING ACTIVITIES

10.1 THE ACTORS

Mamusa Local Municipality defines 7 major actors that should be involved in municipal planning to develop and implement the indigent policy, these are:

- a) **The municipal council** will need to commit to providing MFBS, and will need to sign-off on the developed indigent policy
- b) **The municipal manager or MFBS technical lead** will be responsible for managing the planning activities for the indigent policy
- c) **The FBS Task team** should comprise specialists (from within a municipality or drawn from outside a municipality to act on behalf of the municipality) that will develop the municipality's indigent policy. The team should comprise of:

- **CFO**
- **FBS Manager /Official**
- **Councillor**
- **CDW 's**

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- i. **The CFO** will ensure that the indigent policy is being developed and the associated plans fall within a municipality's financial capacity, and that the plans and policy are integrated with the municipality's own financial planning and processes
- ii. **The IDP/PMS Manager** will need to be involved in the process so that the indigent policy is in line with a municipality's IDP
- iii. **Ward Committees** need to be involved to support the community participation and buy-in of the municipality's indigent policy
- iv. **FBS Manager /Official**
- v. Will ensure that indigents are registered.

11. COMMUNICATION ACTIVITIES

A municipality cannot implement an indigent policy without engaging with its constituency and obtaining the communities active participation

11.1 WHAT MUST BE COMMUNICATED?

11.2 The municipality will communicate the following:

11.2.1 What is the municipality trying to achieve with regards to the indigent policy?

11.2.2 How will the municipality be going about implementing the indigent policy?

11.2.3 What is the value for indigent and non-indigent households?

11.2.4 Who qualifies for the service and how the municipality has determined this?

11.2.5 How should qualifying households access the services

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11.3 HOW SHOULD THIS BE COMMUNICATED?

Municipality is responsible for implementing processes of community consultation which support planning and evaluation

Through the community consultation, municipal appointees are a key link between the municipality, community and other organizations (service providers, non –profit agencies and private sector companies) concerned with issues affecting FBS provision. The following are the methods that our municipality is utilizing in facilitating community engagements:

11.3.1 MUNICIPAL MEETINGS

These take a form of council meetings and its committees. Meetings of municipal council and those of its committees are open to public, including the media.

11.3.2 WARD COMMITTEE AND COMMUNITY DEVELOPMENT WORKERS' AS INFORMATION SOURCES

Ward committees are useful information routes. They are the link between municipality and community and therefore have immediate access to the community. Ward committees can also be mobilized to assist in supporting door to door campaigns, which entails visiting people in their homes and explaining how MFBS works and how it can benefit them.

11.3.3 MUNICIPAL BILLS

Advertisements are placed on the municipal service bills. In this regard all people who receive a service and an account will also receive the MFBS communication.

11.3.4 PUBLICITY IN PUBLIC PLACES

The municipality target places where people gather. Gatherings provide the opportunity for disseminating information and FBS exhibitions to interact with community members.

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11.3.5 STAKEHOLDER ENGAGEMENT

Stakeholders are people whose participation and support are critical. Presentations during stakeholder meetings and allowing stakeholder to share platform are important. Exhibitions are popular ways to solicit stakeholder backing.

11.3.6 INVOLVING COMMUNITY DEVELOPMENT WORKERS

Community development workers have a crucial role to play. Apart from being agents of the municipality, they are also members of the communities and therefore in touch with the needs of their community. As such they can offer valid input when deciding on the appropriate strategies to be used. They act as the municipality's field operatives when undertaking research or implementing any of the strategies as well as help to identify indigent groups.

11.3.7 DIRECT COMMUNICATIONS TO LOCAL COMMUNITIES

The municipality utilizes a variety of mediums to communicate with its constituency and these include local newspapers, radio broadcasts and other communication mediums.

12. INDIGENT APPLICATION AND VERIFICATION PROCESS

12.1 The indigent households apply for the MFBS at the established registration points; which can be at ward committee posts, through CDWs, civil society organizations or other registration points such as post offices. The municipality requires the following from the indigent households:

- ✓ Registration – a formal application must be lodged, assessed and approved.
- ✓ Acceptance – The applicant must give consent to receiving the service and agree to the terms and conditions specified by the municipality

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- ✓ Lodging of an application form – The individual who is applying on behalf of the household must complete an application form at a service centre designated in their respective area, or at the office of the FBS Manager of the municipality
- ✓ Document proof – applicants must produce some form of recognized identification and most recent municipal account, if they have been recipient of services
- ✓ Documentary proof of total monthly income – A UIF card, bank statement, income tax return, salary advice, a letter from employer, income declaration, or proof of their registration as an unemployed person, can support the application.
- ✓ A Declaration from the applicant – a signed declaration confirming that the information supplied by the applicant is true.

12.2 The indigent's application is collected and verified by the following

Actors:

- CDWs: they are actively involved in the community and have sense of who in the community qualifies with the municipality's indigent definition. The CDWs do not have a final determination on whether an indigent household qualifies or not, they merely verify the data and substantiate that the household qualifies
- Ward Councilors: they have sense of who in the ward qualifies with the municipality's indigent definition. They do not have a final determination on whether an indigent household qualifies or not, they merely verify the data and substantiate that the household qualifies.
- MFBS task team: Will review the recommendations from the ward councilors and CDWs, and review its own data sets (It would be prudent to make use of national datasets such as those held by the

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Departments: Home Affairs, Social Development and South African Services Revenue to verify and cross reference data) on indigents and determine if the applying household meets requirements

- Municipal finance department: will review its financial systems to determine if the applying household is on its system.
- Approved applicants must be captured in the municipal indigent register and be included in the municipal financial System. And subsequently submitted to council for approval. The MM must sign off the new indigent list before service orders are provided to the relevant service department to render services to the qualifying indigent households. The qualifying indigent households must be sent letters notifying them of what their entitlements are as well as any other relevant information that pertains to them.

12.3. Households that have not qualified should also be sent a letter explaining why they have not qualified and explaining that there is an appeal procedure available to them

12.4. Households that have not qualified have the right to appeal the decision of the municipality. We recommend that the MFBS Management Team manage the appeal process. The ward councillor of the appellant should be part of the appeal team. If the appeal is successful the municipality should follow the process set out in step 12.2 above

13.3. **MONITORING AND EVALUATION**

Municipality need to be in a position to assess whether the service rendered is appropriate, functioning adequately and directed to the relevant beneficiaries. It will be important that municipality is able to ascertain the following from monitoring and tracking of the service delivery:

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- Who is receiving the service?
- Is the service offered at the appropriate service level, in view of the environment, financial aspects and the social habits of the community?
- Is the service rendered adequately?
- Is the community making adequate use of the service?
- Does the community require any form of training to make better use of the service?
- Is the service meeting the required needs of the community?
- Is the service impacting on poverty or the quality of life of beneficiaries?

14. EXIT FROM INDIGENCE SUPPORT POLICY

- In this regard ensuring that MFBS leads to an increase in a quality of life and access to economic opportunities is an essential part of the design of the implementation. The challenge that needs to be met by Mamusa Local Municipality is how to develop an exit strategy off the indigent subsidy.
- Municipality will not only devise measures to engage beneficiaries of MFBS in LED activities, but also to link the implementation of MFBS with other national poverty programmes, such as the Extended Public Works Programme (EPWP). This will ensure that targeted relief programmes such as MFBS are linked to poverty intervention economic empowerment programmes.

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